SOUTH CAROLINA SECRETARY OF STATE

2001-2002 ACCOUNTABILITY REPORT

SEPTEMBER 12, 2002

Secretary of State
2001-2002 Accountability Report

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EXECUTIVE SUMMARY

In the South Carolina Secretary of State's office, fiscal year 2001-2002 was a year of significant achievements mixed with deep budget cuts. These cuts greatly tested our ability to accomplish our mission and to provide top-notch customer service. Nonetheless, we closely evaluated the office and cut in every place possible, without affecting our staffing levels. By keeping the focus on office efficiency and customer satisfaction, we were able to significantly accomplish much of our mission.

Major Achievements

Despite significant budget cuts and increased business, the Secretary of State's Office again had a successful year. Among the highlights:

- provided 48 hour turnaround for filings to be recorded in our database;
- provided an online corporate database for customers to access our corporate information through our website;
- added a Uniform Commercial Code database to our website;
- provided a similar online charities database that allowed our customers to research charities and what percentage of their contributions the charities allotted to their charitable causes;
- published our annual Scrooges and Angels list, identifying those good charities that spend most of their resources on their charitable cause and those bad charities that spend little or none of donors contributions to them;
- produced a public service announcement during the holiday season encouraging citizens to give wisely when donating to charitable causes. These seminars resulted in more than 1000 citizen calls concerning various charities;
- conducted seminars along with the South Carolina Association of Nonprofits for charities;
- conducted statewide seminars at senior citizen homes to educate about telemarketing fraud and how to give wisely;
- worked with local and federal law enforcement to enforce trademark laws and confiscate more than $5,400,000 in counterfeit goods. These enforcement actions also resulted in 29 arrests;
- oversaw the implementation of the Revised Article 9 to the Uniform Commercial Code, along with the banking and legal community;
- employees spoke at seminars, concerning the Revised Article 9, to bankers, lawyers, and the South Carolina clerks of court and registers of deeds;
- continued our free statewide notary seminars, educating notaries on the legal and professional responsibilities of being a notary public. More than 2500 notaries attended these seminars; and,
- most importantly, continued our tradition of fiscal responsibility with an appropriated budget that is 10% less than it was ten years ago, even though our office has more statutory duties and has more than doubled its workload.

Our Mission

The mission of the Secretary of State's office is simple: to provide the taxpayer with the best return on their investment in government.

We accomplish our mission in two ways. First, the office will provide the most efficient, innovative, and cost effective means of registering, administering, maintaining, and disseminating filed information. Second, the office will regulate its charities and employment agency divisions with the most effective and advanced tools available, keeping in mind our professional and ethical duties as a regulator. The Office of the Secretary of State's primary goal will always be 100% customer satisfaction.

Key Strategic Goals for Present & Future Years

Consistent with our stated mission, our key strategic goals for the present year and future years are:

1. maintain top-quality customer service in the face of deep budget cuts;
2. pursue the most effective and efficient technology solutions for the office; and,
3. continue diligent but responsible regulation of public charities in South Carolina.

One additional goal for the present and future that is particular to this office is to provide for a smooth transition for the new administration, as there will be a new Secretary of State in January 2003.

This last year, our customer service goals were kept. We met our goal of 48-hour turnaround and continued to keep our promise of this turnaround on customer filings. The effect is that when a customer files any document – among the hundreds filed each day – they can expect that filing to be reflected in our database within 48 hours. Many states and agencies offer heightened fees for "expedited" service. Our agency still offers identical service for all customers at the same low rate as always.

Our office will continue our Corporations Division customer service phone room for quick information or document orders. All employees' direct phone lines will remain public so that when a customer needs to reach a specific employee, they will not have to go through numerous transfers. Finally, employees will still offer the caller the option to reach other extensions if the employee is not at their phone, thus preventing a dead-end call where the caller needs to call back to get assistance. All of this is the attention to the small details that quite often means the most to our customers.

For the future, one of the most effective means of accomplishing our mission is acquiring a computer system designed to meet our customers' and our needs. Too many of our customers must spend countless hours and dollars travelling to our office or mailing documents in order to file their documents. Electronic filing would eliminate much of this – giving customers such as bankers, lawyers, and accountants, to name a few, the convenience of filing from their desktop.

Further, document management must be addressed. Our computer system allows only one filing to be entered at a time. This enormously slows a process that should be much quicker. All staff should be able to enter data. Finally, by having the data in an electronic format, we could pursue possibilities such as e-mailing documents to customers. Our customers transact business in this fashion in neighboring states; they should do the same in South Carolina. Customer feedback has been overwhelmingly in favor of improved document management and electronic filing.

Another key strategic goal for the future is improving our oversight over charitable organizations, identifying and prosecuting those fraudulent ones while, at the same time, striving to ease the bureaucratic burden for good charities that often do not have the staff or time to continuously comply with state regulations. Many "good" charities must comply with government regulations on various levels. We must keep in mind that these are non-profit organization, often run by inexperienced volunteers. By making the process easier, we can actually foster positive fundraising and "good giving." Electronic filing would certainly help a number of these charities. However, by concentrating on making the regulatory process easier (simpler forms, a caring staff, electronic filing) we would accomplish much of our mission.

With that in mind, we will vigorously pursue those "bad" charities – the ones that give fundraising a bad name. Fraud will be prosecuted and fines will be levied for those who refuse to comply. When we do this, "good" charities will be able to fully take advantage of a positive fundraising environment.

Opportunities & Barriers

Again, our office has three primary barriers to fulfilling our mission and achieving our strategic goals: 1) we are a small office performing numerous (and growing) duties; 2) we have a paper-based filing system dependent on an unreliable computer system, thus slowing our processes; and, 3) recent and future budget cuts, deeply affecting our ability to provide superior customer service.

First, total filings increased by more than 12% again this year. In raw numbers this translates to 11,185 additional filings this year. Filings are not simply accepted and filed. Instead, they are checked for legal sufficiency, scanned, keyed into our database and then stored. All of this takes considerable time and does not include the numerous other customer service functions we perform.

Second, our computer system is need of replacement. Presently, the staff can only enter one filing at a time. The consequence of this is that if three staff people are available to enter data, only one can; thus drastically decreasing potential production. This is critical to the concerns addressed in the previous paragraph. A more efficient computer system allows our staff to move much more quickly and to provide better service.

Finally, budget cuts are again a reality. Although our office has consistently been a model of fiscal responsibility (please see our Historical Budget Analysis in the Business Results Section below), we must understand that we may be called upon take another cut – even though our office is run efficiently. Unfortunately, staffing may be affected very soon.

Nonetheless, we will seek ways to even further streamline our process. Input from staff on ways to do our job better will be closely reviewed. Operating expenses will be closely examined for even the slightest expenditure that might not be needed or may just need to be adjusted.

2002-2003 will clearly be a year of difficult barriers and promising opportunities. It will take the hard work and cooperation of the entire office to realize the opportunities and provide superior customer service.

BUSINESS OVERVIEW

The Secretary of State's office is a constitutional office as set forth in the South Carolina Constitution, Article VI § 7, with duties defined by the South Carolina Code of Laws.

Our Primary Services

The Secretary of State is responsible for:

- the statewide registration of domestic and foreign corporations, limited liability companies, limited partnerships, limited liability partnerships, non-profit corporations and business trusts;
- filing of Uniform Commercial Code security interests;
- registration of charitable organizations soliciting in South Carolina;
- regulation and investigation of those persons soliciting charitable donations in South Carolina;
- registration of employment agencies;
- registration of state trademarks;
- investigation of counterfeit marks;
- registration of notary publics, boards and commissions;
- acceptance of service of process primarily for foreign corporations not authorized to do business in South Carolina; and
- registration of business opportunities.

The office also handles in varying aspects:

- municipal incorporations;
- special purpose districts;
- annexations of land; and,
- escheatment of real and personal property.

Our office is a relatively small state agency employing only 41 employees. Of these employees 27 are FTEs, 11 are temporary employees and 3 are part-time college interns. For our office structure, please see our organizational chart on page 8.

Our Location

The South Carolina Secretary of State's Office is located on the State House Grounds in Suite 525 of the Edgar Brown Building. The Notary Public, Boards and Commissions Division is located in Suite 506. Our physical address is 1205 Pendleton Street and our mailing address is P.O. Box 11350, Columbia, South Carolina, 29211. We can be reached at our main phone number (803) 734-2170 or via the World Wide Web at www.scsos.com. From our website, customers and constituents can e-mail us and provide feedback.

Key Customers

The Secretary of State's customer base is broad, primarily consisting of:

- taxpayers;
- the business community;
- the legal community;
- the banking community;
- corporate service companies;
- notary publics;
- charities;
- employment agencies; and,
- local and state government.

This wide range of customers is due to the numerous statutory duties the office has. Statutes such as the corporate code or the Uniform Commercial Code require extensive interaction with the business, legal and banking communities. Other statutes such as the Solicitation of Charitable Funds Act allow us to interact more personally with our customers.

Key Suppliers

Since our office is primarily a paper-based filing office, most of our suppliers are office product vendors ranging from paper suppliers to office machine maintenance companies. Otherwise, General Services is our main supplier of services.

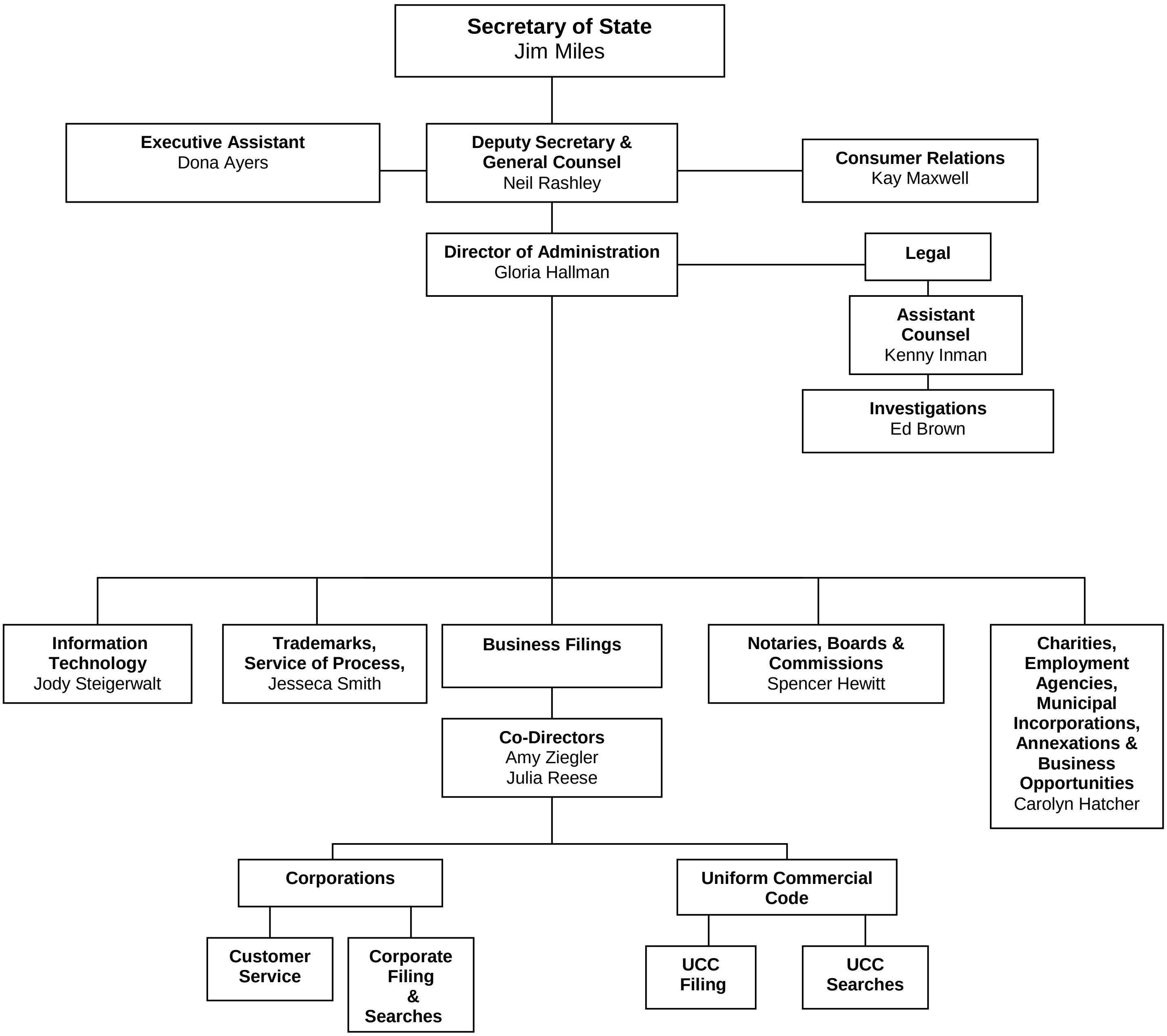
Base Budget Expenditures and Appropriations

	00-01 Actual Expenditures		01-02 Actual Expenditures		02-03 Appropriations Act	
Major Budget Categories	**Total Funds**	**General Funds**	**Total Funds**	**General Funds**	**Total Funds**	**General Funds**
Personal Service	$1,111,733	$932,898	$1,116,213	$894,644	$942,363	$831,323
Other Operating	$375,668	$136,484	$483,756	$49,793	$	$66,737
Special Items	$	$	$	$	$	$
Permanent Improvements	$	$	$	$	$	$
Case Services	$	$	$	$	$	$
Distributions to Subdivisions	$	$	$	$	$	$
Fringe Benefits	$269,027	$233,431	$277,468	$233,717	$287,848	$255,493
Non-recurring	$16,706	$	$89,119	$	$400,181	$
Total	**$1,773,134**	**$1,302,813**	**$1,966,556**	**$1,178,154**	**$1,630,392**	**$1,153,553**

Other Expenditures

Sources of Funds	00-01 Actual Expenditures	01-02 Actual Expenditures
Supplemental Bills	$0	$0
Capital Reserve Funds	$0	$0
Bonds	$0	$0

Secretary of State's Office
Organizational Chart



MALCOLM BALDRIDGE CRITERIA

Category 1 - Leadership

Since the Secretary of State's Office is a small office, senior leadership is involved in every facet of the office. Even though our senior leaders have a combined more than 60 years experience in our office, they still work beside their employees, often performing even the most basic of tasks or standing in for someone who is absent. Working with their employees allows for more one-on-one training and advice. Our senior leaders have long understood how the office operates and have long-standing positive relationships with our customers.

Decision-making does not rest with one sole person or group. All management is involved in the assessment of customer and employee feedback and statistical measurements. All senior leaders interact with the public daily and the office is designed to encourage this. Thus by constant interaction with the customers and their employees, our senior leaders can quickly recognize trends and demands, helping set the short and long-term direction of the office. To set this direction, informal and formal meetings are held regularly.

Senior leadership daily reviews statistical measurements such as time waiting for phone calls, the amount of time it takes to enter filed records, collection of revenue and investigations. Daily and weekly reports are given to the deputy secretary for detailed review. This information is then shared with the staff and discussed in order to improve performance. From that point, management can examine itself and the office for overall improvement.

Since there is a considerable amount of experience amongst our management, values are deeply instilled into our processes. Managers constantly walk through their department to monitor performance. Since managers do much of the same work as other employees, employees do not get the impression that management is too good to work. Employees are encouraged to give feedback not only about professional matters but also how the office affects them personally. Ethical standards and professional courtesy are kept at a premium.

Our office emphasizes that senior leaders be involved in their community in ways that help strengthen the office and accomplish its mission. Since our office handles corporate, charities and notaries areas, these are emphasized. Our leaders are involved in non-profit activities such as churches, Rotaries and Sertomas. Further, we are involved in educational activities such as conducting the notary seminars. There is one caveat. Since we regulate charities, our staff cannot ethically serve on the board of a charity or make fundraising decisions. Although this limits us some, it does not prohibit our leaders from volunteering their time and efforts to worthy causes.

Category 2 – Strategic Planning

All levels of management are involved in our strategic planning process, incorporating both employee and customer feedback. Managers and employees monitor our customers' demands through personal contact during the day, recording complaints and suggestions. Employee input is also factored in. Management regularly meets to discuss how this impacts our office and influences our strategic plan.

Customer Needs and Expectations

Our strategic plan focuses on two functions of our office to account for our customers: filing and regulation.

Our filing functions have remained essentially the same over the years – file the document, record it in the database and retrieve the record when requested. However, today's business demands have forced us to work much faster than before. Customers now need to know that their filing was not only received but that it was quickly and accurately recorded in our system. Thus, we promise and deliver a 48-hour turnaround for all filings. With a paper-based filing system and a tested computer system, this has often been quite a struggle. Still, the staff has responded well and we are proud to say that we have kept this promise.

With regulation, customers expect that we lighten the bureaucratic burdens of compliance while aggressively pursuing fraud and those customers who do give that particular industry a bad name. Keeping that in mind, our regulatory areas (primarily our charities and employment agency divisions) provide their customers top-notch customer service, quite often helping the customer comply with the law, instead of coldly stating what the law is and leaving the customer in the dark.

We see this most often in the charities division. Many charities are well-meaning organizations staffed by volunteers and part-timers; these organizations do not have much time to spend filling out forms and paying fees. Although we stick to the statutory requirements, we still help where we can. On the other hand, our investigators diligently pursue fraud cases. These regulatory divisions understand that by preventing fraud, the good organizations will succeed.

Financial and Societal Risks

The primary financial risk of our strategic plan is continuously obtaining our goals while sustaining budget cuts. The fact of the matter is that business grows while the financial ability to keep up with demand shrinks. In the regulated areas, financial risks involve allotting too many resources to bureaucratic methods, instead of prosecuting fraud.

The societal risks of not pursuing fraud are self-evident. Still, we must pursue ethically so we do not lose the trust of the community in the worthiness of our efforts.

The regulatory divisions must also avoid the societal risk of over-emphasizing registration so that we do not appear to be nothing but a bureaucratic compliance agency.

Human Resource Capabilities and Needs

Since we are a small agency, we must maximize our human resources in order to implement our strategic plan. We began cross-training program three years ago that resulted in greater efficiency as well as improved morale. Where a job once stood incomplete when someone was out, now it continues to be done by a cross-trained employee. Further, employees that were bored or even burned-out now are re-invigorated by cross-training and participating in more areas of our office.

Our flex-time policy has proven successful. We had discovered that, notwithstanding our efforts during the day, many filing or recording functions were left undone. With flex-time, a few employees may come in early or work late and concentrate on those functions we are unable to get to during the day – particularly while we are assisting our customers. This project also enables employees with conflicting personal schedules to still work full-time and contribute to our office.

We also keep in mind employee morale. Due to budget cuts, raises and bonuses were sharply curtailed. Since there are fewer financial incentives to work better, we must concentrate on the non-financial aspects of inspiration.

Operational Capabilities and Needs

From an operations standpoint, our strategic plan anticipates that we will one day have an imaging system our customers can easily access – ultimately leading to electronic filing. The cost-benefits of these functions are immense. What is more, our customers have come to expect these functions from us since they use them in other states. As we see business increase, the demands on our staff of a paper-based filing system will be considerable. Nonetheless, our strategic plan still accounts for no electronic filing and increased workload.

Suppliers Capabilities and Needs

Since our office deals with only office supply companies and General Services, the capabilities and needs of these suppliers are kept to a minimum in our strategic plan. Still, we do factor in that a positive relationship with these suppliers, notwithstanding the small amount of time we use them, helps us achieve our plan.

Developing and Tracking Action Plans

Action plans are set through formal meetings to discuss various factors affecting our business. From there, a plan is set. We monitor trends and data on a daily and weekly basis and adjust our plan accordingly.

Communicating and Deploying Our Strategic Objectives

Employees are constantly informed about our various action plans and managers are active in employing these plans. Customers see these changes through improvements in our service and additional services.

Category 3 – Customer Focus

Our Customers and Their Requirements

Our primary customers and stakeholders are:

- taxpayers;
- the business community;
- the legal community;
- the banking community;
- corporate service companies;
- notary publics; and,
- charities;
- employment agencies;
- law enforcement; and
- local and state government.

We know who most of our customers are by simply interacting with them – bankers file UCC documents, lawyers file corporations and service of process papers, notaries use our notary area, etc. Most of our customers and their requirements are set by statute, e.g. the corporate code or the Uniform Commercial Code.

Determining What Our Customers Want

One of the main ways we determine what our customers want is to personally interact with them; however, we also monitor customer trends and desires through various other means. Our customers are annually surveyed not only about their satisfaction with us but also as to what they want from our office now and in the future. This year's survey was performed the entire year over the Internet and by form in our office. (For the results of the surveys, please see the Business Results section below.) At our notaries' seminars, attendants were given an evaluation sheet to rate the presentation and make suggestions.

Our standard annual survey is complemented with an online survey on our website – the first in state government – to even probe these issues deeper. As reported in our Business Results section, our website receives thousands of hits each week. We continued to place our survey link prominently on our most popular pages in order to entice feedback. The most popular pages are determined by a service we use, Webtrends, that analyzes our web traffic. Because of the heavy use of our site we received hundreds of surveys. What we found was that our web customers were much more likely to be critical than our in-person customers.

Our website also has a feedback section and we retain all feedback e-mails with suggestions, complaints, criticisms and compliments. We respond to many of these e-mails, seeking more detailed input on how to operate our office better.

Finally, we review other secretary of state offices throughout the nation, particularly in our region, to see how our type of work is done elsewhere. By simply going to their websites and studying what services they offer and even the layout and navigation of their sites, we can discover new ways to make doing business with our office easier.

Customer Satisfaction

Once again, our annual survey produced superior results. As previously mentioned, our survey was accessible on our website so that customers could electronically and confidentially express their opinions. Customers were asked to rate us in the areas of Overall Service, Speed of Service, Accuracy of Service, Courtesy of Staff, Staff's Knowledge and Clarity of our Forms using "Excellent, Above Average, Average, Below Average and Poor" as measurements. The results of the survey were overwhelmingly good and can be found in the Business Results section of this report.

By focusing on particular subjects we knew were important to our customers, instead of just one general subject, we were able to determine that our customers have an overall very favorable impression of us. However, what we also saw was that we perform much better in person than over the web. Although our website was very favorably rated, this served as a reminder to be especially attentive when dealing with customers in a non-personal means.

Keeping a Positive Relationship with Our Customers

Our favorable reviews come from being as personal as possible with the customer, trying not to forget that dealing with state government is something many customers dread.

Our charities division has a toll-free line for customers to call and register consumer complaints or just to check on a registration. Our corporate phone room is well-staffed, keeping the average wait time to just over one minute per call. All employees with voice mail must end their messages with an instruction on how the caller may get immediate assistance; thus preventing "dead-ends" for customers that force them to call back. This year all staff was instructed to end their phone call with a pleasant statement wishing the customer a nice day. It is these small attentions to the personal experience that helps us do away with any perceived "wall of bureaucracy."

Finally, we pride ourselves on constituent services. Many people contact us with problems that lie outside of our area. What is more, they have often been transferred from agency to agency by the time they get to us. Instead, we study their problem and attempt to answer it. If we can't, then we direct them to the correct agency. Constituents are overwhelmingly impressed when they find a state employee who takes a few extra minutes to help them – even if you can't answer the question or solve the problem. All staff is strongly advised against simply transferring a customer to another agency without first helping.

Category 4 – Information & Analysis

Our primary statistical measurements are:

- number of filings;
- number of searches;
- length of time between filing and data entry;
- average time waiting on corporate phones;
- revenue collected through fees;
- registered charitable organizations;
- administrative fine revenue from charities;
- prosecutions of charity fraud and counterfeit trademarks; and,
- employee turnover and morale.

These measurements are the most critical ones to our mission. Our history in filing and regulating has shown us that these measurements are the most important to not only analyze past performance but to predict future trends. The measurements directly relate to our mission of providing the most cost-efficient and consumer-friendly service in state government.

Time matters the most. Today's customers expect things done yesterday or to have the phone answered immediately. Our 48-hour turnaround promise has been highly successful and our customers have grown to depend on it. With the Vector 65 Call Management System, we monitor our corporate phone room closely, tracking the volume of phone calls, how long each call waits to be answered, how long a particular customer service representative spends on the phone and how many calls they take. This year the average wait time was 1:33. These reports are run on a daily and weekly basis and are shown to the staff regularly to evaluate weaknesses and to recognize good work.

Measurements in our primary regulatory area (charities) are different. Although we do measure the number of registrations, annual reports and joint financial reports filed, we keep a closer eye on administrative fees and fines. By statute (S.C. Code § 33-56-160) we can retain this revenue to help fund that division – putting less of a strain on the General Fund. We keep an eye on how many charities are registered with us. For public purpose, all charities must register; but this also allows us to maximize our revenue.

The amount of fines also helps us measure how much we are focusing on regulating bad behavior. Measuring our investigations of charities and the results of those investigations keeps us focused on our stated mission to expose charity fraud. By studying these measurements we can appropriate the proper resources for that purpose.

The Vector 65 system allows us to maintain information on our phone room. Similarly, our office computer system is used for queries on filings. We measure activity on our website through a service known as Webtrends. All of these services maintain the data in a safe and reliable environment for future inquiry.

For comparative data we look to our past performance and also outside sources. Although we do not have a natural competitor, we do have very similar entities we can analyze: other secretary of state offices. Most secretaries of states perform essentially the same functions as we do. Usually we cannot get exact data from them. We can, though, look at their services to determine much of what we need. In other words, when a secretary of state offers expedited filings in one week for an extra fee, we know we offer them much quicker (48 hours) – at no charge. This is important since many of our customers (banks, lawyers, and corporations) deal with many different secretary of state offices. Many times though the offices will provide data and we use it to compare with our measurements.

Finally, we do look at other state agencies. No other agency does what we do but many deal with customers. We follow closely the measurements they use to analyze customer service and make changes accordingly.

Category 5 – Human Resources

Motivation

Since our agency is a customer service agency with a small staff, all employees are considered "customer-contact" personnel. The office is structured so that all employees interact with our customers whether personally, by phone, mail, or e-mail. Not only does this approach allow us to serve as quickly as possible, this personal touch also gives the customer the correct impression that the entire office cares about the customer's transaction and, ultimately, our mission.

Dealing with customers while doing your work all day is trying; so, to help motivate, managers work beside their employees and step in when help is needed, encouraging a positive work environment. In fact, the office is physically designed in an open environment allowing employees to easily interact and not feel "closed off". All employees understand that it is best to ask questions and that no door is closed to inquiries. EPMS is used to give the employees feedback on their personal performance, to concentrate on customer service and to monitor morale.

A healthy, safe work environment also creates high morale. Our staff normally does not get involved in work activities that have a high rate of injury; still, all required posters are prominently displayed and employees are allowed time to stay active and healthy.

All of this is important considering the recent budget cuts. No raises or bonuses have occurred, and will not, until the current budget matters are resolved. So, we must look elsewhere for motivation.

Training

Our training needs are determined by the area of the office involved. Where outside training applies to our office's functions, employees are encouraged to actively participate. Due to the budget situation, outside training was sharply curtailed. Still, our charities staff is active in the National Association of State Charity Officials, participating in conference calls and also Internal Revenue Service video seminars. The deputy secretary completed The Executive Institute course and is a member of the South Carolina State Government Improvement Network. Our charities division supervisor has been accepted into the Certified Public Manager program. Finally, our attorneys attend CLEs that are most relevant to our office.

Since we have slowed outside seminars training, we have continued to emphasize internal training. New employees are assigned to a supervisor to learn our system. Experienced employees are cross-trained, effectively improving morale while also providing the office the ability to shift employees when the situation demands it. Cross-training also broadens our employees' knowledge of the office and enables them to advance upward through the organization.

Community Involvement

Our staff is actively involved in the community both on the office and the personal level. From the office's perspective, we identified a number of issues our customers wanted addressed and got our staff involved.

The notaries' seminars are an excellent example of this and this program is one of our most successful programs. These seminars are held throughout the state, twice a week, free of charge, addressing the legal and administrative responsibilities and problems notaries quite often face. The positive response has been overwhelming.

Employees of our Charities Division constantly speak to groups such as non-profits, lawyers, churches and various charitable associations about compliance with our charitable solicitation statute and "good giving." Some of the best examples of this are the programs our office conducted in the senior citizen homes throughout the state. Research and, unfortunately, criminal investigations have shown that senior citizens are targets for fraudulent telemarketers. Our charities staff went to these homes and conducted free seminars to educate these citizens about the things they need to look for and ask before they give. Further, our office produced a highly successful public service announcement reminding citizens that before they write the check, they "check it out." Finally, the deputy secretary serves on the board of directors of the National Association of State Charity Officials.

On the personal level, community involvement is encouraged and employees are given much leeway to participate in these endeavors. Members of our staff are actively involved in local churches, Rotaries, Sertomas, Toastmasters and educational organizations. Finally, staff is encouraged to accept speaking engagements whenever they are offered.

Category 6 – Process Management

Since all of our office is in direct contact with the customer all day, our processes are designed with the customer in mind.

Services we continued this year were:

- a format for our forms so that our customers could fill them out on the computer screen while on our website;
- a corporate phone room to quickly facilitate questions;
- searchable corporate, UCC and charities databases on our website;
- debit accounts for our larger business customers in our Business Filings division; and,
- a toll-free number in our charities division for customer inquiries and complaints.

Our corporate phone room is staffed and designed to handle the large volume of calls concerning various corporations and filings. We set up our website so customers can access forms, filing instructions, fees or our databases from their computer. Our Direct Access program allows business customers to access the corporate database through a phone line to conduct queries and order documents faxed to them. The charities division has a toll-free line to handle consumer calls and the division's database is on our website with information on how much a charity raised in donations and how much was spent towards its charitable cause.

We constantly monitor customer feedback as well as other state agencies and Secretary of State offices throughout the country for better ways to deliver our products and services. This process allows us to not only react quickly to customer demands but also to anticipate changing demands and act on them before they occur.

Our key support management comes from administration – senior leadership. All senior leaders monitor production measurements in order to insure quality service and to shift resources accordingly. We do not closely monitor process systems with key suppliers as we use only a few of these suppliers irregularly throughout the year.

Category 7 – Business Results

Customer Satisfaction

The Office of the Secretary of State's primary customer satisfaction measurement method is the survey. Our surveys are not conducted at one specific time of the year; instead, they are continuous. Not only are survey forms available at our front desk but, recognizing the high use of our website, we also provide a survey to our customers on the site. Further, the survey is not hidden deep in the site but is placed on the most popular pages of the site – based on data that reflects how many hits a page gets. This has proven very successful and enlightening. Finally, at our notaries' seminars, attendants were asked to complete evaluation sheets on the program. The results of all of these surveys were overwhelmingly positive.

OVERALL OFFICE CUSTOMER SURVEY

Overall Service	**46% Excellent**
	30% Above Average
	12% Average
	5% Below Average
	7% Poor
Speed of Service	**58% Excellent**
	21% Above Average
	10% Average
	1% Below Average
	10% Poor
Accuracy of Service	**63% Excellent**
	15% Above Average
	14% Average
	3% Below Average
	5% Poor
Courtesy of Staff	**62% Excellent**
	18% Above Average
	9% Average
	5% Below Average
	6% Poor

Staff's Knowledge	**59% Excellent**
	19% Above Average
	10% Average
	2% Below Average
	10% Poor
Clarity of Forms	**56% Excellent**
	17% Above Average
	20% Average
	2% Below Average
	5% Poor

Consistent with our past surveys, our office has an overall favorable rating from our customers. What we did find in this year's survey is that are overall percentages were down from last year – although the vast majority of respondents rated us positively. As we analyzed the results, two factors became apparent: first, the survey lasted the entire year and most of our negative comments occurred during a very busy period we had in the spring; and, second, ratings over the Internet were more critical than those completed in the office.

Since the Internet ratings were more critical, we also determined that respondents felt more comfortable criticizing our office when it was more confidential. These respondents also quite often do not deal with our office in person. Further, surveys filled out in the office reflected the positive customer service our offices stresses. Without a doubt, we must continue to remind ourselves that those customers who do not deal with us personally must also receive top-notch service.

Notaries Seminars Surveys

We conducted our notaries seminars in 2001-2002 and they were again a great success. These seminars were held throughout the state, for free, based on feedback we had received about educating notaries. Those attending were asked to fill out an evaluation sheet about the program. Since these seminars are held twice a week in various parts of the state, we felt we could learn much about what the programs had to offer.

In 2001-2002, more than 2500 notaries attended our seminars with more than 90% of them rating the program as good to excellent.

The surveys asked questions concerning how informative the seminars were, how professional they were, how informative the handouts were and even how comfortable the room was. Additionally, we conducted a seminar in Greenville where we featured a Notary Public manual in Spanish.

Website Surveys

Our office stressed to our customers our website's services and our customers have responded enthusiastically. In the previous year, we averaged 2500 hits per week. Now we average more than 10,000 hits per week. With that great increase in traffic, we continued our survey of the site in order to better facilitate our customers' needs.

CUSTOMER SURVEY OF WEBSITE QUALITY

Overall Quality	**52% Excellent**
	24% Above Average
	13% Average
	6% Below Average
	4% Poor
User Friendliness	**53% Excellent**
	17% Above Average
	19% Average
	5% Below Average
	6% Poor
Navigation	**47% Excellent**
	25% Above Average
	16% Average
	6% Below Average
	6% Poor
Relevance of Information	**47% Excellent**
	26% Above Average
	14% Average
	8% Below Average
	5% Poor
Timeliness of Information	**55% Excellent**
	20% Above Average
	10% Average
	5% Below Average
	10% Poor
Educational Quality	**48% Excellent**
	25% Above Average
	11% Average
	8% Below Average
	8% Poor

Again, these are encouraging numbers. Three out of four surveyed felt the survey was above average or excellent. Still, we must focus on the fact that one out of four did not and analyze how we can further improve the site to offer better overall service. We have long recognized our customers' desire to conduct their business via a computer; we now must make that as efficient and friendly as possible.

Financial Results

The Secretary of State's Office prides itself on being historically one of the most fiscally responsible agencies in state government. This fiscal responsibility is only magnified by the fact that our office produces more than three times our appropriated funds in revenue for the General Fund.

Secretary of State Historical Budget Analysis

Fiscal Year	FTEs	Base Appropriation
1990-1991	40	$1,443,036.00
1991-1992	40	$1,324,042.00
1992-1993	40	$1,288,063.00
1993-1994	36	$1,305,125.00
1994-1995	35	$1,086,791.00
1995-1996	35	$1,083,459.00
1996-1997	18	$921,663.00
1997-1998	18	$937,929.00
1998-1999	22	$1,051,170.00
1999-2000	27	$1,263,947.00
2000-2001	27	$1,317,622.00
2001-2002	27	$1,062,415.00

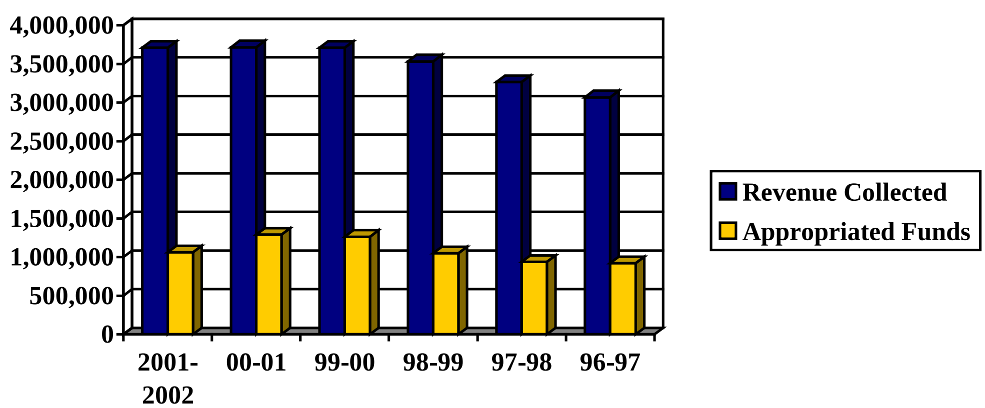
1) The overall budget has decreased by more than 26% in twelve years.
2) 1996-97 figures reflect our office's efforts to consolidate its functions.

3) 1998-99 increases reflect our Charities Division transfer from the Attorney General's Office to our office, along with the FTEs.
4) 1999-2000 increase is the only request for FTEs made by our office in order to properly staff due to increasing business.
5) Other increases in appropriations are due to state employee raises as provided by the General Assembly.

These historical savings to the taxpayer are magnified when one takes into account our appropriated funds and compares them to the revenue our office contributes to the General Fund:

The Secretary of State's Office generated revenue more than 3.5 times its appropriated budget in 2001-2002.

Revenue Collected for General Fund vs. Appropriated Funds from General Fund



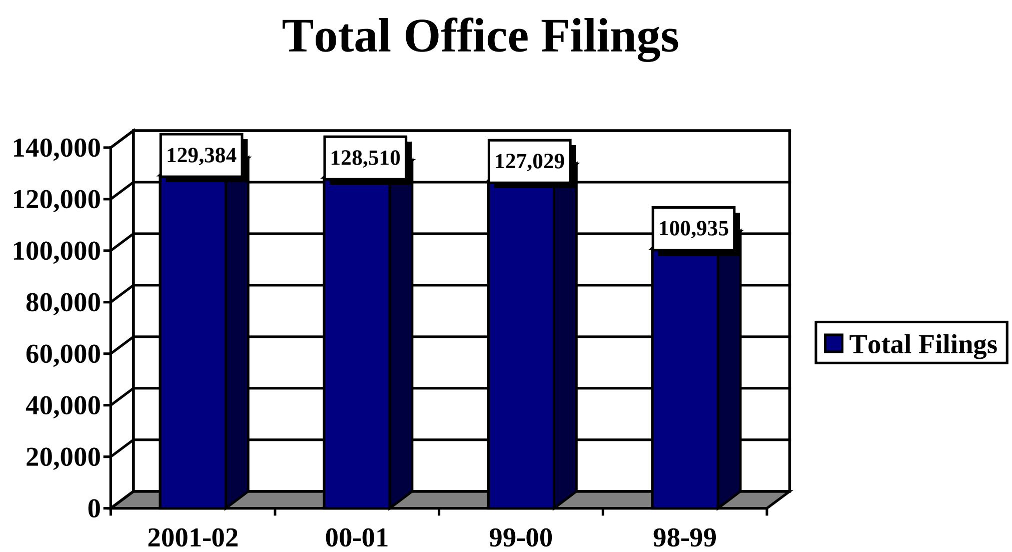
When comparing this data, it is clear that our agency is a significant producer of revenue for the state. Yet, how does this reflect on accomplishing our mission?

Mission Accomplishment

The previous measurements most closely reflect our gains made in the financial aspects of our mission accomplishment – the highest return on the taxpayer's investment in state government. While reducing our appropriated budget, we have overseen a large increase in the money we contribute to the General Fund. However, to fully appreciate the accomplishment of our mission, the volume of work we handle must also be evaluated.

Filings

Measuring the number of filings helps us properly allocate our resources (staff, operating expenses) to provide quality customer service. It also provides us the opportunity to show that we do try to do "more with less" and save taxpayer money.

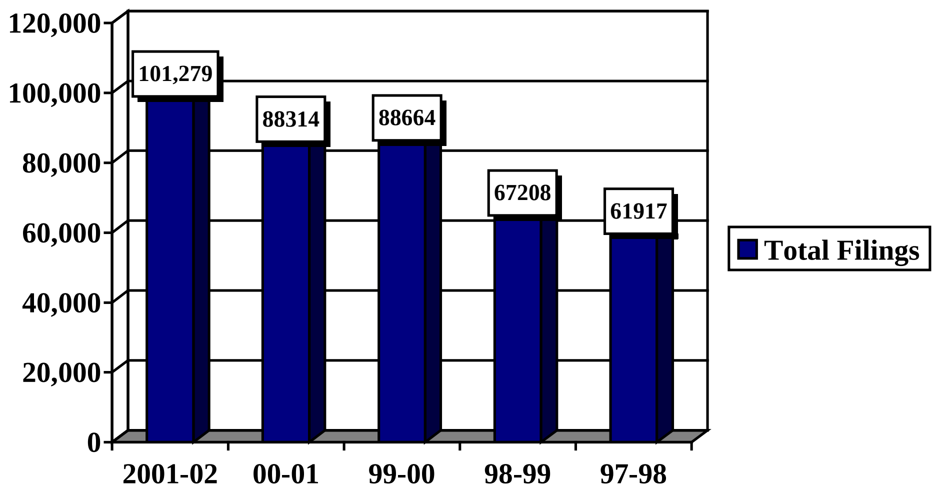


Office filings again increased – this last year by 10% - and in the last three years by 28%; however, our total staff remained at 40, with 27 of those as FTEs. Based on these numbers we are able properly assign our staff based on volume of work:

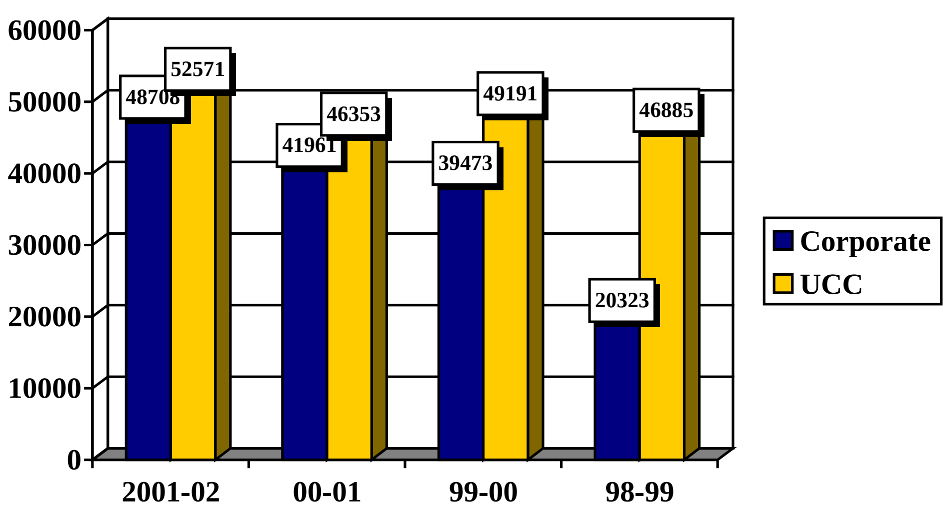
Business Filings	**70%**	**10 FTEs**
Notaries	**12%**	**2 FTEs**
Boards & Commissions	**9%**	**2 FTEs**
Charities	**8%**	**5 FTEs**
All Other	**1%**	

Business Filings is our highest volume division and we staffed this division with 15 of our personnel (10 FTEs). Two to three employees work in the corporate phone room, six employees are assigned to UCC filings and six others are assigned to corporate filings. By dividing the staff according to volume and responsibilities, we achieved two main parts of our mission: superior customer service and 48-hour turnaround.

Business Filings
Total Filings



Business Filings
Corporate v. UCC



Other Customer Satisfaction Measurements

This last year we again continued our use of the Vector 65 Call Management system to monitor our corporate phone room. This room is staffed with office personnel to answer basic questions customers have concerning corporations. The Call Management system allows us to measure how long each call is taking, how long till it is answered and how long till a caller hangs up without receiving assistance. We are also able to measure how many calls we receive. This data is provided to the deputy secretary and the business filings supervisors daily and weekly. Our phone room averages more than 350 calls per day and the average time of a phone call is 1:28.

Using the Call Management System, the average wait time for a call was 1 minute, 33 seconds.

Although this time is up by ten seconds from last year, we also reduced staff in that area due to budget cuts and increased volumes in other areas of the office. Unfortunately, in tight times, we must make decisions as to which customer service area must be fully staffed and which must work with less. We reduced our phone room staff as much of this information is available on our website. This is also consistent with our strategic plan of electronic access.

One of the most important factors in accomplishing our mission in our Business Filings Division is the amount of time it takes to enter a record into our database once it has been accepted for filing. Our customers have clearly indicated that their business transactions today require quick turnaround for the recording of a filing.

By focusing on our customer's desires of quick turnaround, this year we provided a 48-hour turnaround period between filing and entry into the database.

The data reflecting how long it takes to enter data is reported to the deputy secretary daily and weekly. It is then reviewed and discussed with the supervisors. This review aids enormously, especially when a problem occurs. In fact this happened this year during the spring.

In March of 2001 we found that we were not entering data into the computer until it was at least one week old. Simultaneously, we noted that our filings were increasing dramatically. Normally, we experience a large increase in filings at the end of the year and at the beginning. By March, we have returned to normal. This year, though, we saw a large amount of LLC annual reports arrive in late March and early April – over 15,000 reports.

What we discovered was our efforts in educating our customers, including attorneys and accountants about when LLC annual reports were due – April 15^{th} – led to this sudden increase. Our challenge now was to not just catch up but to analyze how we could prevent this from happening again.

Daily meetings were held to not only see how were catching up but to review our processes. One thing we discovered was that we had mixed these reports into normal paperwork. Yet our customers were not complaining that LLC annual reports were not being entered in time; they were complaining about their normal paperwork not being timely. We then separated the annual reports from our normal work; assigned two staff to enter just those reports; and, then reviewed our processing some more. We then discovered even more ways to make the process more efficient. Within a few weeks we were back to normal and also had an improved system in place that would handle this "rush" next year more effectively and flexibly. Customer complaints disappeared.

We also kept in mind the fact that many agencies throughout the country charge considerably more for an identical filing than we do - even more for an expedited filing. Our office has not done so and will not. We are dedicated to providing our services at the least expensive cost possible.

Commitment to Electronic Government

In 2001-2002, we continued our commitment to electronic government by emphasizing our offerings on our website. Not only did we continue our corporate and charities database but we also added our Uniform Commercial Code database. The corporate database allows customers to research a particular organization without calling our office. Similarly, the ability to fill out forms online and download them keeps our staff from having to constantly field phone calls and place orders for forms.

In one week our website averages over 10,000 visits, 5000 database searches and over 2700 downloads of forms.

The considerably increased use of our website is seen as one of the primary reasons, if not the sole reason, why our total phone calls in our phone room have decreased by more than 20% and requests for forms have decreased by more than 50%.

Charities Division

Our Charities Division incorporates similar measures to ensure quality service. Charity filings in the last four years, since the division returned from the Attorney General's Office, increased by almost 100%. This last year filings increased by 1000 or 10%. Part of the increase this last year can be attributed to that division's commitment to aggressively insuring that charities register and file their annual reports with us. This division strongly believes that it s a great public service to have these records on hand so that the public can educate themselves about a charity. This serves our goal of promoting "good giving."

	01-02	00-01	99-00
Total Charity Filings	**11731**	**10683**	**10741**
Charities Registered	**5359**	**5421**	**5533**
Annual Reports	**4205**	**3833**	**3949**
Professional Solicitors	**1593**	**1067**	**1140**

An important measurement in the Charities Division is the amount of administrative fines recovered. This measurement reflects how we effectively we are pursuing those charities and solicitors who are violating the law. Some violations are administrative in nature – failure to register or file a report. Some violations are substantive – misrepresentations made during a solicitation.

In 2001-2002 the Charities Division brought in $160,810 in administrative fines, up from $65,565 the previous year.

As mentioned in our previous accountability report we anticipated that since hiring an attorney dedicated solely to our regulated areas, we would see an increase in fines. This attorney was able to coordinate and execute a highly successful campaign to get all charities to file registrations and their annual reports. We now anticipate that these administrative fines should decrease some in the future as many of these groups will be sure to comply in the following years. Although fine revenue may decrease, the public good is served by insuring that all charities doing business in this state are registered and have filed their annual financial reports.

Our charities division aggressively pursues substantive violations of our law. May times we fine organizations and individuals for misrepresentations made in solicitations. Some groups we have moved to enjoin; we have also pursued and obtained a criminal conviction of a telemarketer this year. During the Christmas season Secretary Miles produced a public service announcement reminding South Carolinians that when they give to give wisely. Giving wisely involves education and that is where our office its services. We have long had a toll free number from our charities division. By providing this number in the PSAs we saw an increase in consumer inquiries and complaints rise from 11 to over 1100 in the same time period. Further, these complaints led us to two groups that we have alleged have led misleading campaigns. We have filed pending injunctions against these groups.

Trademarks Division

Another important mission accomplishment measurement for our office is the amount of counterfeit goods confiscated by our trademarks division. Our office handles the registration of state trademarks and assists law enforcement in the investigation and confiscation of counterfeit goods – fraudulent goods that infringe upon the trademark rights of legitimate businesses.

In 2001-2002, our trademarks division assisted law enforcement in the confiscation of more than $5,000,000 in counterfeit goods and the arrest of 29 individuals for trafficking in counterfeit goods.

Employee Satisfaction

Our key measures for employee satisfaction are length of employment, employee turnover, ability to perform numerous functions in the office and involvement in activities outside the office.

Length of employment is an important measure as it indicates loyalty to the office, level of job satisfaction and morale. Long-time employees also provide the office with a high degree of institutional knowledge. How long an employee stays is an important measure to us since there are only two executive level positions in our office; thus, most employees are paid based on administrative classifications and duties.

Of our 41 employees, there are:

13 employees with more than 5 years experience.
Of these 13 employees
5 have more than 10 years experience
2 have more than 15 years experience
and
4 have more than 25 years experience.

Such a large number of long-time employees indicates to us that there is a high level of job satisfaction and morale in our office. However, we must keep this constantly in mind and provide the most positive work environment possible.

This last year, employee turnover was low. In fact, only one employee, an attorney, left. Considering the budget situation and that no one has received a raise or bonus, this speaks well for employee morale.

Finally, more than thirty of our employees can perform more than one task in our office. This shows a willingness to learn and contribute towards our mission. Employees are also actively involved in the community, as discussed above. This involvement is encouraged by management as a means to heighten employee satisfaction.

Supplier/Contractor/Partner Performance

Due to the nature of our office, we have few relationships of this type. The relationships we do have are not on a continuous basis and not capable of measurement

Business Results Conclusion

Overall, our business results reflect substantial advances toward accomplishing our mission. Our financial results clearly indicate that we are not an agency that constantly asks for money. Instead, we have historically reduced our budget, economized the office and not affected customer service.

Our customer service surveys show that the public views us favorably. The overall ratings are high but we do have some areas to work on. Our website also rates well with the public and serves an important function for overall customer service. Nonetheless, it is clear that we can improve our "personal touch" on the site.

The Charities Division will strive to maintain its excellent customer ratings. Now that this division is fully staffed, they can achieve their goal of easy, efficient compliance and tough, aggressive pursuit of those who break the law.

We will continue education services for our citizens. They have proven very successful in the notaries and charities areas. We will still accept invitations to speak but we will also continue to travel, for free, to those throughout the state.

The Secretary of State's Office prides itself on its fiscal responsibility and its commitment to excellent customer service. Our past indicates we have followed these principles diligently. We will continue to pursue our mission of providing the taxpayer the best return on their investment in state government even more vigorously in 2002-2003 and beyond.